

Message Text

CONFIDENTIAL

PAGE 01 VIENTI 00314 060911Z

22

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 ABF-01 FS-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 NSCE-00 SSO-00 USIE-00 INRE-00 /080 W
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O R 060825Z FEB 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC IMMEDIATE 6047

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMCONSUL HONG KONG

CINCPAC

C O N F I D E N T I A L VIENTIANE 0314

E.O. 11652: GDS

TAGS: PFOR, EAID, EFIN, LA, US

SUBJECT: NATIONAL BANK PRESIDENT INFORMS EMBASSY THAT MAJOR
U.S.D.O. ACCOUNTS ARE UNFROZEN

BANGKOK ALSO FOR FADPC

CINCPAC FOR POLAD

1. THROUGH PROTOCOL SECTION OF FOREIGN MINISTRY, WE RECEIVED WORD MORNING FEBRUARY 6 THAT PRESIDENT OF NATIONAL BANK OF LAOS (NBL) WOULD BE AVAILABLE TO DISCUSS STATUS OF FROZEN U.S.D.O. BANK ACCOUNTS. WE IMMEDIATELY PROPOSED MEETING FOR 1030 HOURS, WITH CHARGE, POLITICAL COUNSELOR AND ADMINISTRATIVE OFFICER IN ATTENDANCE. NBL PRESIDENT THONGCHANH APRAVAN AND AN ASSISTANT-CUM-INTERPRETER NAMED PHENG UPRAVAN MET WITH EMBASSY DELEGATION.

2. NBL PRESIDENT SAID HE HAD STUDIED "NOTE VERBALE"--
CONFIDENTIAL

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PAGE 02 VIENTI 00314 060911Z

ACTUALLY ONLY AN INFORMAL SUMMARY OF OUR POSTION--

THAT CHARGE HAD LEFT WITH HIM DURING JANUARY 8 CALL (REPORTED VIENTIANE 0054, NOTAL; PAPER SUBSEQUENTLY POUCHED TO EA/VLC) AND IT HAD BEEN DECIDED, " IN THE INTEREST OF FUTURE RELATIONS BETWEEN LAO AND AMERICAN PEOPLES," TO "DEBLOQUER" OUR ACCOUNTS. THIS ACTION HAD BECOME POSSIBLE, HE SAID, BECAUSE COMMITTEE ON VERIFICATION OF BANK ACCOUNTS HAD COMPLETED ITS WORK.

3. CHARGE THANKED NBL PRESIDENT AND SAID WE WERE PLEASED TO HEAR THIS NEWS.

4. NBL PRESIDENT THEN SAID HE HOPED EMBASSY IN TURN COULD HELP THE NBL WITH TWO PARTICULAR PROBLEMS IT HAD. WE WILL REPORT ON THESE IN DETAIL BY SEPTTEL; THEY CONCERN AN ESCROW ACCOUNT NBL HOLDS WITH CHASE-MANHATTAN IN NEW YORK, REPORTEDLY CONTAINING APPROXIMATELY \$78,000, AND AN ACCOUNT (NBL #5002) HAVING TO DO WITH USIP PROGRAM AND USAID SPECIAL LETTERS OF CREDIT IN WHICH THERE IS SAID TO BE A NEGATIVE BALANCE OF KIP 30,597,459. (DISCUSSION OF THESE MATTERS, OF WHICH EMBASSY REPRESENTATIVES HAD NO PRIOR KNOWLEDGE, OCCUPIED SUBSTANTIAL PORTION OF MEETING.)

5. IT APPEARS THAT OUR ACCOUNT WITH FORMER BANQUE DE L'INDOCHINE HAS ALREADY BEEN TRANSFERRED, SO FAR AS LAO ARE CONCERNED, TO THE NEW FOREIGN TRADE BANK (VIENTIANE 0307, NOTAL) AND WE ARE FREE TO USE IT IMMEDIATELY. WE ARE TO DISCUSS DETAILS WITH "LE RESPONSABLE" OF THIS NEW BANK, WHO HAS ALREADY GRANTED US AN APPOINTMENT FOR MORNING OF FEBRUARY 9 AND WHO SYAS HE HAS BEEN FULLY BRIEFED ON THE SITUATION. STATUS OF MAJOR ACCOUNT (#4004) AT NBL ITSELF IS LESS CLEAR, AND NBL PRESIDENT HAD NOTHING TO SAY ABOUT THE 27 MILLION KIP USAID TRUST FUND CONTAINED WITHIN THAT ACCOUNT. (WE LEFT HIM ANOTHER COPY OF THE RAMSEY-KHAMSING LETTER OF JUNE 26 ON THE SUBJECT.) WE DID NOT RAISE MATTER OF FADPC/BANGKOK'S SEPARATE KIP ACCOUNT AT NBL AT THIS MEETING BUT WILL DO SO ON FEBRUARY 9.

CONFIDENTIAL

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PAGE 03 VIENTI 00314 060911Z

6. ON OTHER POINTS, NBL PRESIDENT SAID, AFTER SOME THOUGHT, THAT CHECKS WE HAD ISSUED ON EXISTING ACCOUNTS SHOULD BE PRESENTED FOR PAYMENT AT THE INSTITUTIONS ON WHICH THEY WERE DRAWN AND WOULD BE HONORED. WITH REGARD TO BANQUE LAO VIENG, WHERE U.S.D.O. ALSO HAS A RELATIVELY SMALL ACCOUNT (LESS THAN KIP 7 MILLION), NBL PRESIDENT SAID BANK WAS OUTSIDE NBL'S CONTROL BECAUSE IT WAS A "PRIVATE INSTITUTION" BUT THAT IN

EFFECT IT WAS IN RECEIVERSHIP, UNDER CONTROL OF A
"COMITE DE SURVEILLANCE," AND STATUS OF ACCOUNTS THERE
HAD YET TO BE DETERMINED. (SEE PARA 6 OF VIENTIANE
0307 ON LAO VIENG'S RUMORED INSOLVENCY.)

7. COMMENT: WE FIND THIS AN ENCOURAGING DEVELOPMENT.
WE ASSUME THAT PDRL OFFICIALS, WHEN THEY FINALLY GOT
AROUND TO EXAMINING THE U.S.D.O. ACCOUNTS IN EARNEST,
MUST HAVE REALIZED THAT THERE WAS NO BASIS FOR THE
ORIGINAL BLOCKING OF THE ACCOUNTS. THE POSSIBILITY
REMAINS, HOWEVER, THAT WE WILL FIND DETAILED ARRANGE-
MENTS LESS SATISFACTORY THAN NBL PRESIDENT INDICATED.
WE RECOMMEND DEPARTMENT, AID/W, TRESURY AND ANY OTHERS
CONCERNED GIVE PROMPT ATTENTION TO MATTERS RAISED BY
NBL PRESIDENT (PARA 4, ABOVE) WHEN WE PRESENT THEM IN
MORE DETAIL BY SEPTEL.
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